

EX PARTE OR LATE FILED



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March 25, 1997

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Mr. William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, NW Room 222  
Washington, DC 20554

Re: EX PARTE - (CC Docket No. 96-262) - Access Charge Reform  
and (CC Docket No. 96-45) - Federal State Joint Board  
On Universal Services

Dear Mr. Caton:

Today I met with Jon Garcia and Gregory Rosston of the Office of Plans and Policy to discuss AT&T's previously stated position in the above referenced proceedings. The attached materials were used in this discussion.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

A handwritten signature in cursive script that reads "Joel E. Lubin".

Joel E. Lubin  
Government Affairs  
Vice President

Attachments

CC: J. Garcia  
G. Rosston

No. of Copies rec'd  
List ABCDE

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Impact of Access/Universal Service Reform

|                                        | Subscriber Line Charges |     |          |       | Carrier Charges |          | USF   | Net Change |
|----------------------------------------|-------------------------|-----|----------|-------|-----------------|----------|-------|------------|
|                                        | Residence               |     | Business |       | Per Line        | Usage    |       |            |
|                                        | Primary                 | 2nd | Single   | Multi |                 |          |       |            |
| I. Level (\$M)                         |                         |     |          |       |                 |          |       |            |
| 1) Business as usual (7/1/97 filing)   |                         |     |          |       |                 | (600)    |       | (600)      |
| 2) Billing (GSF)                       |                         |     |          |       |                 | (124)    |       | (124)      |
| 3) EANR                                |                         |     |          |       |                 | (110)    |       | (110)      |
| 4) Over-earnings (reinitialize to 10%) |                         |     |          |       |                 | (1,901)  |       | (1,901)    |
| 5) X-Factor change from 5.3% to 9%     |                         |     |          |       |                 | (355)    |       | (355)      |
| 6) Inappropriate Retail Expense        |                         |     |          |       |                 | (840)    |       | (840)      |
| 7) Other Reductions                    |                         |     |          |       |                 | (3,280)  |       |            |
| Sub-Total                              |                         |     |          |       |                 | (7,210)  |       | (7,210)    |
| II. Structure (\$M) (4)                |                         |     |          |       |                 |          |       |            |
| 1) SLC increases                       |                         | 438 | 148      | 220   |                 | (806)    |       | -          |
| 2) Carrier Line charge: \$0            |                         |     |          |       |                 |          |       | -          |
| Sub-Total                              |                         | 438 | 148      | 220   |                 | (806)    |       |            |
| III. USF (\$M)                         |                         |     |          |       |                 |          |       |            |
| 1) Large LECs (1)                      |                         |     |          |       | (206)           | (1,632)  | 1,838 | -          |
| 2) Rural LECs (2)                      |                         |     |          |       |                 |          |       | -          |
| LTS                                    |                         |     |          |       |                 | (378)    | 378   | -          |
| DEM                                    |                         |     |          |       |                 | (330)    | 330   | -          |
| High Cost                              |                         |     |          |       | (571)           |          | 571   | -          |
| Access Differential                    |                         |     |          |       |                 | (725)    | 725   | -          |
| 3) Schools/Libraries                   |                         |     |          |       |                 |          | 2,250 | 2,250      |
| 4) Rural Healthcare                    |                         |     |          |       |                 |          | 500   | 500        |
| 5) Lifeline/Linkup (3)                 |                         |     |          |       | (181)           |          | 650   | 470        |
| Sub-Total                              |                         |     |          |       | (957)           | (3,064)  | 7,241 | 3,220      |
| IV. Overall Stimulation (\$M)(5)       |                         |     |          |       |                 | (202)    |       | (202)      |
|                                        |                         |     |          |       |                 |          |       |            |
| V. Grand Total (\$M)                   |                         | 438 | 148      | 220   | (957)           | (11,282) | 7,241 | (4,192)    |

|                                  |        |        |        |        |          |            |       |
|----------------------------------|--------|--------|--------|--------|----------|------------|-------|
| <b>VI. Rate Impact (\$)</b>      |        |        |        |        |          |            |       |
| 1) Current Rates                 | \$3.50 | \$3.50 | \$3.50 | \$5.50 | \$0.52   | \$0.0306   |       |
| 2) Rate Impact                   |        | \$2.56 | \$2.54 | \$0.43 | (\$0.52) | (\$0.0268) | 12.4% |
| 3) New Rates- Stimulated Volume* | \$3.50 | \$6.06 | \$6.04 | \$5.93 | \$0.00   | \$0.0038   | 12.4% |

\*Does not include USF. USF surcharge amount is shown in last column (USF)

- Notes: 1. Large LEC USF from Hatfield, version 3.1, \$30 benchmark  
2. Rural LEC USF from USF Data Collection (NECA). Access differential equalizes rural and large LEC usage rates after removal of DEM  
3. Lifeline assumes \$5.25 per month for 10M lines; \$20M for Linkup  
4. Line counts based on ARMIS 43-01  
5. Includes dampening impact of USF surcharges. Elasticity assumption: -0.7

View: Revenue Neutral  
 Surcharge Option: All Interstate

# Impact of Access/Universal Service Reform

|                                      | Subscriber Line Charges |     |          |       | Carrier Charges |         | USF   | Net Change |
|--------------------------------------|-------------------------|-----|----------|-------|-----------------|---------|-------|------------|
|                                      | Residence               |     | Business |       | Per Line        | Usage   |       |            |
|                                      | Primary                 | 2nd | Single   | Multi |                 |         |       |            |
| I. Level (\$M)                       |                         |     |          |       |                 |         |       |            |
| 1) Business as usual (7/1/97 filing) |                         |     |          |       |                 | (600)   |       | (600)      |
| 2) Billing (GSF)-none                |                         |     |          |       |                 |         |       | -          |
| 3) EANR-none                         |                         |     |          |       |                 |         |       | -          |
| 4) Over-earnings                     |                         |     |          |       |                 |         |       | -          |
| 5) X-Factor change -none             |                         |     |          |       |                 |         |       | -          |
| 6) Inappropriate Retail Expense      |                         |     |          |       |                 |         |       |            |
| 7) Other Reductions                  |                         |     |          |       |                 |         |       |            |
| Sub-Total                            |                         |     |          |       |                 | (600)   |       | (600)      |
| II. Structure (\$M) (4)              |                         |     |          |       |                 |         |       |            |
| 1) SLC increases                     |                         | 438 | 148      | 220   |                 | (806)   |       | -          |
| 2) Carrier Line charge: \$2          |                         |     |          |       | 3,714           | (3,714) |       | -          |
| Sub-Total                            |                         | 438 | 148      | 220   | 3,714           | (4,519) |       |            |
| III. USF (\$M)                       |                         |     |          |       |                 |         |       |            |
| 1) Large LECs (1)                    |                         |     |          |       | (206)           | (1,632) | 1,838 | -          |
| 2) Rural LECs (2)                    |                         |     |          |       |                 |         |       | -          |
| LTS                                  |                         |     |          |       |                 | (378)   | 378   | -          |
| DEM                                  |                         |     |          |       |                 | (330)   | 330   | -          |
| High Cost                            |                         |     |          |       | (571)           |         | 571   | -          |
| Access Differential                  |                         |     |          |       |                 | (355)   | 355   | -          |
| 3) Schools/Libraries                 |                         |     |          |       |                 |         | 2,250 | 2,250      |
| 4) Rural Healthcare                  |                         |     |          |       |                 |         | 500   | 500        |
| 5) Lifeline/Linkup (3)               |                         |     |          |       | (181)           |         | 650   | 470        |
| Sub-Total                            |                         |     |          |       | (957)           | (2,695) | 6,871 | 3,220      |
| IV. Overall Stimulation (\$M)(5)     |                         |     |          |       |                 | (302)   |       | (302)      |
|                                      |                         |     |          |       |                 |         |       |            |
| V. Grand Total (\$M)                 |                         | 438 | 148      | 220   | 2,757           | (8,116) | 6,871 | 2,317      |

|                                  |        |        |        |        |        |            |       |
|----------------------------------|--------|--------|--------|--------|--------|------------|-------|
| <b>VI. Rate Impact (\$)</b>      |        |        |        |        |        |            |       |
| 1) Current Rates                 | \$3.50 | \$3.50 | \$3.50 | \$5.50 | \$0.52 | \$0.0306   |       |
| 2) Rate Impact                   |        | \$2.56 | \$2.54 | \$0.43 | \$1.48 | (\$0.0196) | 10.7% |
| 3) New Rates- Stimulated Volume* | \$3.50 | \$6.06 | \$6.04 | \$5.93 | \$2.00 | \$0.0109   | 10.7% |

\*Does not include USF. USF surcharge amount is shown in last column (USF)

- Notes: 1. Large LEC USF from Hatfield, version 3.1, \$30 benchmark  
 2. Rural LEC USF from USF Data Collection (NECA). Access differential equalizes rural and large LEC usage rates after removal of DEM  
 3. Lifeline assumes \$5.25 per month for 10M lines; \$20M for Linkup  
 4. Line counts based on ARMIS 43-01  
 5. Includes dampening impact of USF surcharges. Elasticity assumption: -0.7

View: Top down reductions  
 Surcharge Option: All Interstate

## Impact of Access/Universal Service Reform

|                                        | Subscriber Line Charges |     |          |       | Carrier Charges |         | USF   | Net Change |
|----------------------------------------|-------------------------|-----|----------|-------|-----------------|---------|-------|------------|
|                                        | Residence               |     | Business |       | Per Line        | Usage   |       |            |
|                                        | Primary                 | 2nd | Single   | Multi |                 |         |       |            |
| I. Level (\$M)                         |                         |     |          |       |                 |         |       |            |
| 1) Business as usual (7/1/97 filing)   |                         |     |          |       | (600)           |         |       | (600)      |
| 2) Billing (GSF)                       |                         |     |          |       | (124)           |         |       | (124)      |
| 3) EANR                                |                         |     |          |       | (110)           |         |       | (110)      |
| 4) Over-earnings (reinitialize to 10%) |                         |     |          |       | (1,901)         |         |       | (1,901)    |
| 5) X-Factor change from 5.3% to 9%     |                         |     |          |       | (476)           |         |       | (476)      |
| 6) Inappropriate Retail Expense        |                         |     |          |       | (840)           |         |       | (840)      |
| 7) Other Reductions                    |                         |     |          |       |                 |         |       |            |
| Sub-Total                              |                         |     |          |       | (4,051)         |         |       | (4,051)    |
| II. Structure (\$M) (4)                |                         |     |          |       |                 |         |       |            |
| 1) SLC increases                       | 438                     |     | 148      | 220   | (806)           |         |       | -          |
| 2) Carrier Line charge: \$0            |                         |     |          |       |                 |         |       | -          |
| Sub-Total                              | 438                     |     | 148      | 220   | (806)           |         |       |            |
| III. USF (\$M)                         |                         |     |          |       |                 |         |       |            |
| 1) Large LECs (1)                      |                         |     |          |       | (206)           | (1,632) | 1,838 | -          |
| 2) Rural LECs (2)                      |                         |     |          |       |                 |         |       | -          |
| LTS                                    |                         |     |          |       | (378)           |         | 378   | -          |
| DEM                                    |                         |     |          |       | (330)           |         | 330   | -          |
| High Cost                              |                         |     |          |       | (571)           |         | 571   | -          |
| Access Differential                    |                         |     |          |       | (579)           |         | 579   | -          |
| 3) Schools/Libraries                   |                         |     |          |       |                 |         | 2,250 | 2,250      |
| 4) Rural Healthcare                    |                         |     |          |       |                 |         | 500   | 500        |
| 5) Lifeline/Linkup (3)                 |                         |     |          |       | (181)           |         | 650   | 470        |
| Sub-Total                              |                         |     |          |       | (957)           | (2,918) | 7,095 | 3,220      |
| IV. Overall Stimulation (\$M)(5)       |                         |     |          |       | (289)           |         |       | (289)      |
|                                        |                         |     |          |       |                 |         |       |            |
| V. Grand Total (\$M)                   | 438                     |     | 148      | 220   | (957)           | (8,065) | 7,095 | (1,121)    |

|                                  |        |        |        |        |          |            |       |
|----------------------------------|--------|--------|--------|--------|----------|------------|-------|
| <b>VI. Rate Impact (\$)</b>      |        |        |        |        |          |            |       |
| 1) Current Rates                 | \$3.50 | \$3.50 | \$3.50 | \$5.50 | \$0.52   | \$0.0306   |       |
| 2) Rate Impact                   |        | \$2.56 | \$2.54 | \$0.43 | (\$0.52) | (\$0.0195) | 11.5% |
| 3) New Rates- Stimulated Volume* | \$3.50 | \$6.06 | \$6.04 | \$5.93 | \$0.00   | \$0.0111   | 11.5% |

\*Does not include USF. USF surcharge amount is shown in last column (USF)

- Notes: 1. Large LEC USF from Hatfield, version 3.1, \$30 benchmark  
 2. Rural LEC USF from USF Data Collection (NECA). Access differential equalizes rural and large LEC usage rates after removal of DEM  
 3. Lifeline assumes \$5.25 per month for 10M lines; \$20M for Linkup  
 4. Line counts based on ARMIS 43-01  
 5. Includes dampening impact of USF surcharges. Elasticity assumption: -0.7

Surcharge Option: S&amp;L,RHC,&amp; LL on Total

|                                        | Subscriber Line Charges |     |          |       | Carrier Charges |          | USF   | Net Change |
|----------------------------------------|-------------------------|-----|----------|-------|-----------------|----------|-------|------------|
|                                        | Residence               |     | Business |       | Per Line        | Usage    |       |            |
|                                        | Primary                 | 2nd | Single   | Multi |                 |          |       |            |
| I. Level (\$M)                         |                         |     |          |       |                 |          |       |            |
| 1) Business as usual (7/1/97 filing)   |                         |     |          |       |                 | (600)    |       | (600)      |
| 2) Billing (GSF)                       |                         |     |          |       |                 | (124)    |       | (124)      |
| 3) EANR                                |                         |     |          |       |                 | (110)    |       | (110)      |
| 4) Over-earnings (reinitialize to 10%) |                         |     |          |       |                 | (1,901)  |       | (1,901)    |
| 5) X-Factor change from 5.3% to 9%     |                         |     |          |       |                 | (358)    |       | (358)      |
| 6) Inappropriate Retail Expense        |                         |     |          |       |                 | (840)    |       | (840)      |
| 7) Other Reductions                    |                         |     |          |       |                 | (3,205)  |       |            |
| Sub-Total                              |                         |     |          |       |                 | (7,138)  |       | (7,138)    |
| II. Structure (\$M) (4)                |                         |     |          |       |                 |          |       |            |
| 1) SLC increases                       |                         | 438 | 148      | 220   |                 | (806)    |       | -          |
| 2) Carrier Line charge: \$0            |                         |     |          |       |                 |          |       | -          |
| Sub-Total                              |                         | 438 | 148      | 220   |                 | (806)    |       |            |
| III. USF (\$M)                         |                         |     |          |       |                 |          |       |            |
| 1) Large LECs (1)                      |                         |     |          |       | (206)           | (1,632)  | 1,838 | -          |
| 2) Rural LECs (2)                      |                         |     |          |       |                 |          |       | -          |
| LTS                                    |                         |     |          |       |                 | (378)    | 378   | -          |
| DEM                                    |                         |     |          |       |                 | (330)    | 330   | -          |
| High Cost                              |                         |     |          |       | (571)           |          | 571   | -          |
| Access Differential                    |                         |     |          |       |                 | (721)    | 721   | -          |
| 3) Schools/Libraries                   |                         |     |          |       |                 |          | 941   | 941        |
| 4) Rural Healthcare                    |                         |     |          |       |                 |          | 209   | 209        |
| 5) Lifeline/Linkup (3)                 |                         |     |          |       | (181)           |          | 272   | 91         |
| Sub-Total                              |                         |     |          |       | (957)           | (3,061)  | 5,260 | 1,242      |
| IV. Overall Stimulation (\$M)(5)       |                         |     |          |       |                 | (249)    |       | (249)      |
| V. Grand Total (\$M)                   |                         | 438 | 148      | 220   | (957)           | (11,253) | 5,260 | (6,145)    |

|                                  |        |        |        |        |          |            |      |
|----------------------------------|--------|--------|--------|--------|----------|------------|------|
| <b>VI. Rate Impact (\$)</b>      |        |        |        |        |          |            |      |
| 1) Current Rates                 | \$3.50 | \$3.50 | \$3.50 | \$5.50 | \$0.52   | \$0.0306   |      |
| 2) Rate Impact                   |        | \$2.56 | \$2.54 | \$0.43 | (\$0.52) | (\$0.0268) | 9.0% |
| 3) New Rates- Stimulated Volume* | \$3.50 | \$6.06 | \$6.04 | \$5.93 | \$0.00   | \$0.0038   | 9.0% |

\*Does not include USF. USF surcharge amount is shown in last column (USF)

Notes: 1. Large LEC USF from Hatfield, version 3.1, \$30 benchmark

2. Rural LEC USF from USF Data Collection (NECA). Access differential equalizes rural and large LEC usage rates after removal of DEM

3. Lifeline assumes \$5.25 per month for 10M lines; \$20M for Linkup

4. Line counts based on ARMIS 43-01

5. Includes dampening impact of USF surcharges. Elasticity assumption: -0.7

Surcharge Option: S&amp;L,RHC,&amp; LL on Total

|                                      | Subscriber Line Charges |     |          |       | Carrier Charges |         | USF   | Net Change |
|--------------------------------------|-------------------------|-----|----------|-------|-----------------|---------|-------|------------|
|                                      | Residence               |     | Business |       | Per Line        | Usage   |       |            |
|                                      | Primary                 | 2nd | Single   | Multi |                 |         |       |            |
| I. Level (\$M)                       |                         |     |          |       |                 |         |       |            |
| 1) Business as usual (7/1/97 filing) |                         |     |          |       |                 | (600)   |       | (600)      |
| 2) Billing (GSF)-none                |                         |     |          |       |                 |         |       | -          |
| 3) EANR-none                         |                         |     |          |       |                 |         |       | -          |
| 4) Over-earnings                     |                         |     |          |       |                 |         |       | -          |
| 5) X-Factor change -none             |                         |     |          |       |                 |         |       | -          |
| 6) Inappropriate Retail Expense      |                         |     |          |       |                 |         |       |            |
| 7) Other Reductions                  |                         |     |          |       |                 |         |       |            |
| Sub-Total                            |                         |     |          |       |                 | (600)   |       | (600)      |
| II. Structure (\$M) (4)              |                         |     |          |       |                 |         |       |            |
| 1) SLC increases                     |                         | 438 | 148      | 220   |                 | (806)   |       | -          |
| 2) Carrier Line charge: \$2          |                         |     |          |       | 3,714           | (3,714) |       | -          |
| Sub-Total                            |                         | 438 | 148      | 220   | 3,714           | (4,519) |       |            |
| III. USF (\$M)                       |                         |     |          |       |                 |         |       |            |
| 1) Large LECs (1)                    |                         |     |          |       | (206)           | (1,632) | 1,838 | -          |
| 2) Rural LECs (2)                    |                         |     |          |       |                 |         |       | -          |
| LTS                                  |                         |     |          |       |                 | (378)   | 378   | -          |
| DEM                                  |                         |     |          |       |                 | (330)   | 330   | -          |
| High Cost                            |                         |     |          |       | (571)           |         | 571   | -          |
| Access Differential                  |                         |     |          |       |                 | (355)   | 355   | -          |
| 3) Schools/Libraries                 |                         |     |          |       |                 |         | 941   | 941        |
| 4) Rural Healthcare                  |                         |     |          |       |                 |         | 209   | 209        |
| 5) Lifeline/Linkup (3)               |                         |     |          |       | (181)           |         | 272   | 91         |
| Sub-Total                            |                         |     |          |       | (957)           | (2,695) | 4,893 | 1,242      |
| IV. Overall Stimulation (\$M)(5)     |                         |     |          |       |                 | (408)   |       | (408)      |
|                                      |                         |     |          |       |                 |         |       |            |
| V. Grand Total (\$M)                 |                         | 438 | 148      | 220   | 2,757           | (8,222) | 4,893 | 234        |

|                                  |        |        |        |        |        |            |      |
|----------------------------------|--------|--------|--------|--------|--------|------------|------|
| <b>VI. Rate Impact (\$)</b>      |        |        |        |        |        |            |      |
| 1) Current Rates                 | \$3.50 | \$3.50 | \$3.50 | \$5.50 | \$0.52 | \$0.0306   |      |
| 2) Rate Impact                   |        | \$2.56 | \$2.54 | \$0.43 | \$1.48 | (\$0.0201) | 7.6% |
| 3) New Rates- Stimulated Volume* | \$3.50 | \$6.06 | \$6.04 | \$5.93 | \$2.00 | \$0.0105   | 7.6% |

\*Does not include USF. USF surcharge amount is shown in last column (USF)

Notes: 1. Large LEC USF from Hatfield, version 3.1, \$30 benchmark

2. Rural LEC USF from USF Data Collection (NECA). Access differential equalizes rural and large LEC usage rates after removal of DEM

3. Lifeline assumes \$5.25 per month for 10M lines; \$20M for Linkup

4. Line counts based on ARMIS 43-01

5. Includes dampening impact of USF surcharges. Elasticity assumption: -0.7

View: Top down reductions

## Impact of Access/Universal Service Reform

Surcharge Option: S&amp;L,RHC,&amp; LL on Total

|                                        | Subscriber Line Charges |     |          |       | Carrier Charges |         | USF   | Net Change |
|----------------------------------------|-------------------------|-----|----------|-------|-----------------|---------|-------|------------|
|                                        | Residence               |     | Business |       | Per Line        | Usage   |       |            |
|                                        | Primary                 | 2nd | Single   | Multi |                 |         |       |            |
| I. Level (\$M)                         |                         |     |          |       |                 |         |       |            |
| 1) Business as usual (7/1/97 filing)   |                         |     |          |       |                 | (600)   |       | (600)      |
| 2) Billing (GSF)                       |                         |     |          |       |                 | (124)   |       | (124)      |
| 3) EANR                                |                         |     |          |       |                 | (110)   |       | (110)      |
| 4) Over-earnings (reinitialize to 10%) |                         |     |          |       |                 | (1,901) |       | (1,901)    |
| 5) X-Factor change from 5.3% to 9%     |                         |     |          |       |                 | (476)   |       | (476)      |
| 6) Inappropriate Retail Expense        |                         |     |          |       |                 | (840)   |       | (840)      |
| 7) Other Reductions                    |                         |     |          |       |                 |         |       |            |
| Sub-Total                              |                         |     |          |       |                 | (4,051) |       | (4,051)    |
| II. Structure (\$M) (4)                |                         |     |          |       |                 |         |       |            |
| 1) SLC increases                       |                         | 438 | 148      | 220   |                 | (806)   |       | -          |
| 2) Carrier Line charge: \$0            |                         |     |          |       |                 |         |       | -          |
| Sub-Total                              |                         | 438 | 148      | 220   |                 | (806)   |       |            |
| III. USF (\$M)                         |                         |     |          |       |                 |         |       |            |
| 1) Large LECs (1)                      |                         |     |          |       | (206)           | (1,632) | 1,838 | -          |
| 2) Rural LECs (2)                      |                         |     |          |       |                 |         |       | -          |
| LTS                                    |                         |     |          |       |                 | (378)   | 378   | -          |
| DEM                                    |                         |     |          |       |                 | (330)   | 330   | -          |
| High Cost                              |                         |     |          |       | (571)           |         | 571   | -          |
| Access Differential                    |                         |     |          |       |                 | (579)   | 579   | -          |
| 3) Schools/Libraries                   |                         |     |          |       |                 |         | 941   | 941        |
| 4) Rural Healthcare                    |                         |     |          |       |                 |         | 209   | 209        |
| 5) Lifeline/Linkup (3)                 |                         |     |          |       | (181)           |         | 272   | 91         |
| Sub-Total                              |                         |     |          |       | (957)           | (2,918) | 5,117 | 1,242      |
| IV. Overall Stimulation (\$M)(5)       |                         |     |          |       |                 | (395)   |       | (395)      |
|                                        |                         |     |          |       |                 |         |       |            |
| V. Grand Total (\$M)                   |                         | 438 | 148      | 220   | (957)           | (8,171) | 5,117 | (3,205)    |

|                                  |        |        |        |        |          |            |      |
|----------------------------------|--------|--------|--------|--------|----------|------------|------|
| <b>VI. Rate Impact (\$)</b>      |        |        |        |        |          |            |      |
| 1) Current Rates                 | \$3.50 | \$3.50 | \$3.50 | \$5.50 | \$0.52   | \$0.0306   |      |
| 2) Rate Impact                   |        | \$2.56 | \$2.54 | \$0.43 | (\$0.52) | (\$0.0199) | 8.3% |
| 3) New Rates- Stimulated Volume* | \$3.50 | \$6.06 | \$6.04 | \$5.93 | \$0.00   | \$0.0106   | 8.3% |

\*Does not include USF. USF surcharge amount is shown in last column (USF)

Notes: 1. Large LEC USF from Hatfield, version 3.1, \$30 benchmark

2. Rural LEC USF from USF Data Collection (NECA). Access differential equalizes rural and large LEC usage rates after removal of DEM

3. Lifeline assumes \$5.25 per month for 10M lines; \$20M for Linkup

4. Line counts based on ARMIS 43-01

5. Includes dampening impact of USF surcharges. Elasticity assumption: -0.7

## ACCESS REFORM

[illegible]



## ACCESS REFORM

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